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SUBJECT: AMBASSADOR,S MEETING WITH COORDINATING MINISTER OF
PRODUCTION SUSANA CABEZA DE VACA

REF: QUITO 365

Classified By: Classified by Ambassador Heather Hodges. Reason: 1.4 b
and d.

¶1. (SBU) Summary: The Ambassador had a one hour courtesy call with Coordinating Minister for Production, Susana Cabeza de Vaca, on August 26, 2008. In their wide-ranging discussion, Cabeza de Vaca shared with the Ambassador her programmatic priorities, challenges, and interesting insights into Correa and her relation with him. She said she admired the President's ethics and his passion to improve the lives of the poor in Ecuador, while noting his "Don Quixote complex" of trying to fix everything at once. End Summary

¶2. (U) Cabeza de Vaca is a U.S. Citizen. She received her degrees from Kalamazoo College and her PhD from Michigan State University. She was head of the Fulbright Commission from 1998 to 2007. She has known Correa for 20 years, harking back to when she hired Correa as a professor at San Francisco University, Quito. She was appointed by Correa as Coordinating Minister of Production in December, 2007. Cabeza de Vaca said that Correa asked her several times to join her cabinet before she finally agreed. At age 63, she is the oldest member of his cabinet.

¶3. (SBU) Cabeza de Vaca said that there were three reasons she was impressed with Correa 20 years ago. First, he had personal experience working with indigenous groups and speaks their language. Second he was flexible, and third he was ethical.

¶4. (SBU) Cabeza de Vaca was a reference for Correa when he first looked for jobs. He got good reviews from students when he taught at San Francisco University, where he took a very mathematical approach to teaching economics. Cabeza de Vaca recalled that even when he only had three students in his class, he would speak loudly. She contends that is because he is passionate about his work, but that some misinterpret his loudness for aggressiveness.

¶5. (SBU) The minister said that she likes Correa specifically because he is passionate about his work. She says Correa's virtue and weakness is that he has a Don Quixote complex; he wants to fix everything. She mentioned that he was a Boy Scout leader and is committed to transforming the country. When Correa introduced Cabeza de Vaca to the other cabinet members for the first time, he said, "I am President of the country because of her."

¶6. (SBU) The Ambassador mentioned that she hoped to meet with President Correa soon. Cabeza de Vaca replied that she did not know anything about protocol issues nor had any influence over them. She said that the bureaucracy can be stifling and added that "being in government can be very trying." She also insisted that the press was biased against Correa and that we should not pay too much attention to them.

¶7. (SBU) In terms of her programmatic priorities, Cabeza de Vaca first mentioned implementation of the "star" sector

strategy and thanked USAID for its help in developing this strategy with them. She also highlighted her work on issues related to food security and pricing policies, controlling inflation, drafting an anti-monopoly and investment promotion law, putting together an export promotion strategy and helping farmers develop a certified seed program, credit and research. She said that reducing poverty is a huge concern, but that the government is still grappling with approaches to address this problem. Finally, Cabeza de Vaca said that the GOE is becoming increasingly concerned with the social impact in Ecuador of emigration, particularly the impact on children left behind by parents seeking work in the U.S. and Europe. She mentioned that in the small town of Guamote, where the cabinet met the week before, 18 young people committed suicide in 2007 with 12 more suicides thus far this year. She said that youth left behind by parents are also vulnerable to being attracted to the drug trade. The GOE is exploring establishing a system of credit for returning migrants and a program to help them set up businesses in Ecuador so that Ecuador can benefit from the skills they learned while living abroad.

¶18. (U) Cabeza de Vaca and the Ambassador then explored how the USG could help the GOE in research. Cabeza de Vaca is interested in exploring research in production as well as in other areas such as health. Cabeza de Vaca agreed wholeheartedly with the Ambassador that the experience of living and working in the U.S. and that human interaction are invaluable to promoting better relations between Americans and Ecuadorians.

¶19. (U) Cabeza de Vaca also said that the Americas Competitiveness Forum in Atlanta was very interesting. She

said that in her presentation, she told participants that they had nothing to worry about in Ecuador, as the government was pursuing a private sector-led growth strategy. She also mentioned that she is interested in promoting social inclusion into this scenario so that small producers benefit from streamlined value chains that eliminate unnecessary intermediaries.

¶10. (C) Comment: Cabeza de Vaca was surprisingly open with the Ambassador and frank about the challenges of working within the government, including with her ministerial counterpart Pedro Paez, who accuses her of failing to coordinate with him. Her apparent willingness to share her perspectives with the Ambassador, coupled with her long-term relationship with Correa and the mutual respect they apparently have for each other, represents a valuable channel for dialogue and an extremely useful window into the inner workings of the Correa government.

Hodges